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**MONDAY JULY 31, 2006** Last modified: *Saturday, July 29, 2006 6:20 PM PDT*

## **Gold's Impact on Nevada — Part 3: Balancing mining with Mother Nature**

**By DOUG McMURDO - Staff Writer**

**BATTLE MOUNTAIN** — Once geologists discover a stretch of ground that holds promise as a possible gold mining operation, exploration occurs to determine feasibility and then the real work begins. That's when mine companies begin to dance with state and federal regulators in pursuit of a host of permits required to move forward with the project.

According to John Mudge, the group executive for the Environmental and Social Responsibility Division of Newmont Gold Corp., it is typical for four to five years to pass before a major project receives the green light. Mudge made his comments during a workshop held in June when the Nevada Mining Association invited roughly 40 government officials from around the region to attend a net proceeds minerals tax seminar at the Battle Mountain Civic Center.

As discussed earlier in this series, mining companies routinely spend multiple millions of dollars on their projects before a single ounce of gold is extracted from the ground, and permitting costs, said Mudge, can also require millions of dollars, particularly if there is a legal appeal of an approved permit. These millions of dollars typically are deducted from a specific mine's gross profits tax bill.

For example, he said in July of 2002 a favorable permit decision was issued on Newmont's Gold Quarry project on the Carlin Trend. That August, Great Basin Mine Watch appealed the decision to the Department of the Interior, which included a request to stay the decision pending adjudication of the appeal. In November the decision was appealed in federal court.

In March of 2004 — 16 months after the federal court action — a judge upheld the favorable permit decision. In May of 2004 the federal district court's decision in favor of Newmont was appealed to the 9th Circuit Court of Appeals. As of this June, no ruling had been handed down by the 9th Circuit, but neither was a stay issued on the original appeal four years earlier and Gold Quarry is in operation pending a final outcome.

Mudge made it clear he did not see Great Basin Mine Watch as "the enemy," though he did say major mining companies routinely pay bonding costs up to \$100 million, and "environmental protection is designed into every project ... costs are part of doing business."

Next for Newmont is the aptly named Phoenix Mine, where a \$100 million letter of credit has been tendered for reclamation costs. With operations on five continents and major projects under way in Nevada, Australia, New Zealand, West Africa, Indonesia and Ghana, Newmont, along with Barrick Gold and other major mining companies, have become well acquainted with environmental regulations in almost every corner of the world. Newmont mines roughly 7.5 million ounces of gold a year; one-third of the precious metal comes from the company's Nevada operations.

Few projects are as exciting to the company as is the Phoenix project, a 140-year-old mining district on the Battle Mountain Range that has given up copper, silver and gold.

"Our challenge," Mudge said, "Is to go into the site, clean up the legacy mining and at the same time start new mining." Like its namesake, Phoenix rose from the ashes on June 23, 12 years after the permitting process began in 1994. "We kept drilling and kept finding more," he said.

Since 1994, Newmont has expanded the existing pits, waste rock disposal areas and infrastructure, put in a new mill and associated facilities. On the environmental end of the spectrum, Mudge said the company is performing concurrent and post-mining reclamation to address the historic mining issues and provide functional, post-mining landscapes.

Mudge said that because of the "robust deposit," 110 groundwater monitoring wells have been drilled. "The environmental aspect of the business is huge and getting bigger all the time," he said. Regulators are worried about lawsuits from environmental groups such as Great Basin Mine Watch, which Mudge said "has it's role, but we could use some balance here."

Vanessa Conrad, the community organizer for Great Basin Mine Watch, told the Elko Daily Free Press the nonprofit watchdog group appeals permits when members believe the permit does not "follow the letter of the law pertaining to the Clean Water Act. Our side of it," she said, "is the state has taken it upon itself to relax the parameters of the permit to give the mine time to clean up.

"But water quality has to be sustained and mines have to be held accountable to protect the environment."

Conrad said she realized mining was "part of everyday life" in northeastern Nevada, but that Great Basin Mine Watch's main problem is with state regulators. "The state is allowing mining companies to monitor themselves," she said, using controversial mercury emissions as an example. "Mining companies are telling the state what they are emitting when the state should be doing the monitoring."

Another bone of contention, she said, is that Nevada permits mines on a case by case basis while other states have strict, across the board rules. "Nevada's rules have negated the law," she said. Conrad made it clear Great Basin Mine Watch does not stand in wholesale opposition to mining; the group's motivation is to ensure miners go about their business in an environmentally sound manner.

Mudge believes Nevada mines are conscientious in fulfilling their responsibilities to society.

For now, a summary of the Phoenix Mine project — which also has been appealed by Great Basin Mine Watch — suggests gold reserves of more than 8 million ounces.

The open pit mining rate would average 125,000 tons per day. Milling would involve 35,000 tons per day. Between 380,000 and 420,000 ounces of gold would be produced a year; about 21 million pounds of copper. Between 250 and 270 people will work on site and their average salary will stand at \$45,000 with 45 percent benefits.

Here's the important aspect of the operation, at least from Mudge's job description: The reclamation strategy is to introduce concurrent implementation; partial backfill of pits; functional landforms; "store and release covers," predominantly native plants; trials and monitoring.

Next week we will look at how mining companies must monitor interests in southern Nevada. One group unsuccessfully sought to tax northeastern Nevada gold companies roughly \$16 per ounce of gold and send that money to Clark County.

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